

Merchandising Business Systems Project (MBS)

Washington State Liquor Control Board (WSLCB)

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Project Status

WSLCB cancelled the contract with the original vendor, GERS (formerly General Electric Retail Systems), in November 2003. Since then the WSLCB has focused on replacing their antiquated Point of Sale (POS) hardware and software with the products procured under the GERS contract. WSLCB completed installation of new POS hardware in all state run stores in October 2004.

WSLCB is now converting stores to the new POS software. The new software is operational in 27 stores with the remaining 134 stores scheduled for conversion by June 30, 2005. Converting to the new software involves implementing new operational procedures in the stores and back-office operations. WSLCB is conducting quality assurance tests on the vendors' software and procedures. The conversion could run into the first week of July.

Variances

- Schedule: Full implementation could be complete by June 30, 2005 which would be on time and within budget. There is no slack or contingency in the store conversion schedule. The second group of stores (40 stores) is scheduled for conversion the week of June 13, 2005, the third group (48 stores) the week of June 20, 2005, and the fourth group (47 stores) the week of June 27, 2005. The project steering committee meets weekly to stay informed and determine corrective actions as necessary.
- Budget/Cost: The MBS hardware, software, and operations budget was \$6.5 million. The project is now projecting to spend \$7.6 million. The project was unable to recover \$1.2 million when the GERS contract was terminated. The WSLCB has allocated other agency resources to cover the additional expenses during the project. The WSLCB made a decision to provide additional staff training to reduce the risks associated with the significant changes introduced by the new POS system. Also, the WSLCB added a module to provide tighter audit controls than the POS software provides.
- Scope: No variances.

Issues

There is no schedule contingency remaining. If the conversion effort continues into the 2005-2007 Biennium, the fiscal impact will be a shift of approximately \$2,000 per store from the previous biennium.

Previous Agency Appearances Before the Board

- September 11, 2003: The WSLCB presented the status of the MBS project and their concerns about GERS as a long-term business partner. The project was behind schedule. The WSLCB explained they were considering canceling the contract with GERS, and developing a phased approach to address the ongoing business requirements.